

Small Business Participation Plan

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BUILDING STRONG®



Small Business Participation as an Evaluation Factor

Do you mean
evaluating the
subcontracting
plan?

Answer: No

(FAR 15.304)



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Purpose

- To clarify that a request for a Small Business Participation Proposal is quite different than a request for a Subcontracting Plan; to explain how and why it's different.
 - ▶ Contractors and Government personnel are struggling to understand the unique differences.
 - ▶ Small Businesses don't understand how it benefits them as a prime offeror – so they fight against it.
 - ▶ Large Businesses still want to submit Subcontracting Plans in response to an Evaluation Factor for Small Business Participation. Or they want to fight against it to push for their Comprehensive Subcontracting Plan.



Using SB Participation in Procurements

- **Centers of Standardization – Barracks**
 - \$870M, \$889M, and \$780M
 - NWR, SER, and SWR
 - 6 Unrestricted Solicitations
- **During PARC-level Peer Review**
 - Small Business Utilization was used as a sub-factor under Performance Capability Factor
 - Subcontracting Plan was not used as evaluating factor – no-go on relative importance
- **After PARC-level Peer Review**
 - Removed Small Business Utilization; replaced with SB participation as a evaluating factor
 - Revised Subcontracting Plan language to incorporate SB participation
- **Solicitation Synopsized**
 - No issues cited from industry regarding sb participation

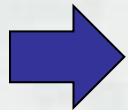


SB Participation Plan vs Subcontracting Plan ...

....not one in the same

DFARS 215.304 Evaluation factors and significant subfactors.

- (c)(i) In acquisitions that require use of the clause at FAR 52.219-9, **Small Business Subcontracting Plan**, other than those based on the lowest price technically acceptable source selection process (see FAR 15.101-2), the extent of participation of small businesses and historically black colleges or universities and minority institutions in performance of the contract **shall be addressed in source selection**. The contracting officer shall evaluate the extent to which Offerors identify and commit to small business and historically black college or university and minority institution performance of the contract.
- (C) When an **evaluation assesses the extent that small businesses** and historically black colleges or universities and minority institutions are specifically identified in proposals, the small businesses and historically black colleges or universities and minority institutions considered in the evaluation **shall be listed in any subcontracting plan** submitted pursuant to FAR 52.219-9 to facilitate compliance with 252.219-7003(g).



Also **Army Source Selection Guide** (page 20) Note: For Large Businesses, **Subcontracting plans**, required by FAR Part 52.219-9, need to be consistent with the **SB Participation Plan**.



SB Participation Factor Differences for **Large & Small** Business Offerors

- RFPs should be structured to allow small businesses to submit their own participation as a prime under the FAR Part 15 Evaluation Factor.
- A common mistake is asking (small and large businesses) to submit **SUBCONTRACTING** goals, because this requires a small businesses to **SUBCONTRACT** to attain the goal. Instead SBs should be allowed to submit their own participation as a PRIME. Therefore, under the SB Participation Factor, you should see the “**SB Participation Goals**”...meaning...
 - ▶ **Large businesses** achieve the goals through subcontracting;
 - ▶ **Small businesses** can achieve goals through their own participation as a prime ...without having to subcontract ... if the RFP is designed to consider SBs.



Reference FAR 15.304

- (a) The award decision is based on evaluation factors and significant subfactors that are tailored to the acquisition.
- (b) Evaluation factors and significant subfactors must— (1) **Represent the key areas of importance** and emphasis to be considered in the source selection decision; and (2) Support meaningful comparison and discrimination between and among competing proposals.
- (d) All factors and significant subfactors that will affect contract award and their **relative importance** shall be stated clearly in the solicitation. The **rating method need not be disclosed in the solicitation**. The general approach for evaluating past performance information shall be described.
- (e) The solicitation shall also state, **at a minimum**, whether **all evaluation factors** other than cost or price, when combined, are— (1) Significantly more important than cost or price; (2) Approximately equal to cost or price; or (3) Significantly less important than cost or price .



SB Participation Proposals have a relative order of importance....Subcontracting Plans do not!

Technical is the most important factor and is more important than all of the remaining factors combined. Technical is significantly more important than Past Performance. The Past Performance Factor is more important than the Cost Factor and the Small Business Participation Factor combined. The Cost Factor is more important than the **Small Business Participation** Factor.

Army Source Selection
Manual (2007) See
EXAMPLE page H-33



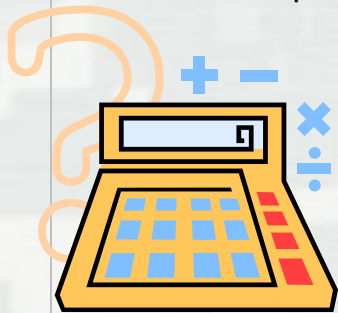
Subcontracting Goal 20%

versus SB Participation Goal 20%

Differences in Calculating on a \$1,000,000 Offer / Award

20% Subcontracting Goal = 20% of the **Subcontracted Dollars**

- SBs get 20% of the dollars '**available**' for subcontracting. If a LB decides to subcontract \$100,000, a small business will get 20% of the \$100,000.



SBs get 20% of subcontracted dollars = \$20,000

20% SB Participation Goal = 20% of **Total Contract Value**

SBs get 20% of total value = \$200,000



PRIME Benefit

Though the Government does **NOT** have to set a goal, let's say the Government's SB Participation Goal is set at 20%

a Large Business Proposes - 20% planned (they will do 80% themselves)

a Small Business Proposes - 40% planned (they will do 40% themselves)

The small business will receive a **HIGHER** rating on this one evaluation factor, because they get to add in the percentage work they will do themselves and it counts as Small Business Participation – because they are a small business.

Rating Scale with 20% goal:

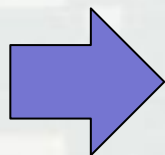
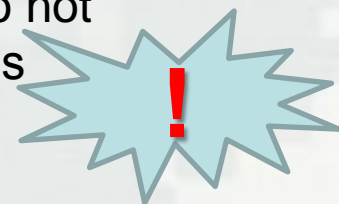
☒ **EXCELLENT** ☐ **GOOD** ☐ **ACCEPTABLE** ☐ **Unacceptable**

Ratings Results: Large Business (**ACCEPTABLE**)
 Small Business (**EXCELLENT**)



SB Participation Goal Objective

- The Small Business Participation Goal and Subcategory Small Business Goals percentages are based on market research. Do not use the agency's FY subcontracting goals for the small business participation evaluation factor.
- Small Business Advisors should assist Contracting Officers develop the goals for specific acquisitions.



In some instances the Contracting Officer **may not have realistic percentages** and may replace actual percentages with “**Best Effort**”....the offeror's will propose their own goals. However, they are evaluated as a meaning discriminator for awardweighted ...and of importance... and the rating scheme can not be pass/fail.

The SB Goal can be mandatory or non-mandatory.



Contracting Officer may request Offerors to propose their **best effort**, without providing a specific % or goal.

However, offerors must be advised that the evaluation will be based on best value, total dollars, and the offerors submitting the best value in terms of small business participation will be rated higher.

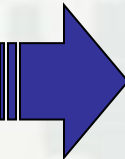


Evaluation Factors

FAR 15.304(c)

- (1) Price or cost to the Government shall be evaluated in every source selection;
- (2) Quality, in the form of Non-Cost Evaluation Factors such as past performance, compliance with solicitation requirements, technical excellence, management capability, personnel qualifications, and prior experience
- (3) Past Performance

How does this differ from FAR 19.702(a)(1)...require apparently successful offeror to submit subcontracting plan... ?



(4) The **extent of participation of small disadvantaged business** concerns in performance of the contract shall be evaluated in unrestricted acquisitions expected to exceed \$650,000 (\$1,500,000 for construction) subject to certain limitations.



SB Participation Factor Consideration

- **DFAR 215.304 PGI reads**In developing an SB participation evaluation factor or subfactor for the solicitation, agencies **may** consider—
 - ▶ (a) The extent to which SDB concerns are specifically identified;
 - ▶ (b) The extent of commitment to use SDB concerns (for example, enforceable commitments are to be weighted more heavily than non-enforceable ones);
 - ▶ (c) The complexity and variety of the work SDB concerns are to perform;
 - ▶ (d) **The realism of the proposal**
 - ▶ (e) Past performance of offerors in complying with subcontracting plan goals for SDB concerns and monetary targets for SDB participation; and
 - ▶ (f) The extent of participation of SDB concerns in terms of the value of the total acquisition.

How? It's too subjective.
I suggest you don't
evaluate using realism...
...realistic...reasonable...??



Determination

- The SB Participation Evaluation Factor differs from the Subcontracting Plan.
- SB Participation applies to both Large & Small
- The SB Participation Plan has a relative Order of Importance (Subcontracting Plans don't).
- Subcontracting Plans are applicable to Large Businesses only.
- SB Participation Eval Factor allows a SB to excel by performing more than the SB Participation goal on unrestricted procurements.
- Small Businesses do not have to comply with FAR 52.219-16 when proposing on unrestricted solicitations.
- SB Participation should be rated on a tiered rating scheme.



Determination

- When using SB Participation as an Eval Factor, subsequent Subcontracting Plans should be rated PASS/FAIL.
- Goals for Subcontracting Plans can be the FY Subcontracting Goals; however SB Participation goals are based on market research.
- Subcontracting goals are based on a percentage of dollars AVAILABLE for subcontracting. Large Business decides what he wants to subcontract.
- SB Participation goals should be based on total contract dollars. The Government decides how much work should be performed by a small business.
- SB Participation Evaluation Factor is relative to FAR Part 15
- SB Subcontracting Plans are relative to FAR Part 19



Army RFP Scheme

M.3.1 Evaluation Factor Ranking Table. The evaluation Factors are listed in order of descending importance below:

Ranking	Factor
1	Technical Approach
2	Integrated Master Plan and Integrated Master Schedule
3	Life Cycle Cost
4	Cost
5	Past Performance
	Small Business Participation

It's one of the five (5) non-cost factors.

M.3.2 The Technical Approach Factor is more important than the Integrated Master Plan and Integrated Master Schedule Factor, which is more important than the Life Cycle Cost Factor, which is more important than the Cost Factor, which is more important than the Past Performance Factor. The Small Business Participation Factor **is not weighted**. No award will be made to **an offeror who is required to submit a Small Business Participation Plan IAW FAR 52.219-9** if the plan is determined to be unacceptable.

M.3.3 The **five (5) non-Cost Factors, combined, are significantly more important than the Cost Factor**. The Cost Factor may become more significant in contributing to the source selection decision if competing proposals offer comparably-evaluated Technical Approaches and due consideration is given to Past Performance and Small Business Participation.

Sample

M.2.1.8 Small Business Participation Factor: The small business participation factor will receive a rating of acceptable or unacceptable along with a narrative evaluation.

PASS / FAIL

M.9.
small

(SDBs), women owned small businesses (WOSBs), historically black colleges and universities/minority institutions (HBCU/MIs) in performance of the contract, including the participation of the offeror; if it is a SB, HUB Zone, SDB, WOSB or a HBCU/MI. This evaluation will include, as a minimum, an evaluation of the estimated dollar value, the complexity of the items/services, and the extent of participation of such concerns in terms of the value of the basic contract amount and each option. Such use may be as the prime contractor or a subcontractor, or as a member of a joint venture or teaming arrangement.

M.9.2 The extent of an offeror's small business participation will be judged either acceptable or unacceptable, unless an offeror is not subject to the requirements of FAR Part 19 and AFARS Appendix DD, then this factor will become neutral with no positive or negative evaluation significance. For an offeror's participation to be acceptable, the proposal must include a reasonable portion of work to be subcontracted to SB, HUBZONE, SDB, WOSB and HBCU/MIs. Reasonable will be judged in terms of estimated dollar value, the complexity of the items/services, and total planned subcontracting dollars in relation to the basic contract amount and each option. Any doubts of reasonableness will make the offeror's participation unacceptable.

FAR 19

FAR 19

USACE RFP Example

Evaluation Factors are listed in descending order of importance. When combined, Factors 1 through 5 are significantly more important than Factor 6 (cost/price). It is anticipated that proposals will be formatted in two volumes consisting of the following:

Volume I will include the technical proposal consisting of the following Factors:

Factor 1: Technical Requirements

Factor 2: Performance Risk / Past Performance

Factor 3: Small Business Participation Plan (Large and Small Business)

Factor 4: Corporate Technical Plans, Practices and Procedures

Factor 5: Small Business Subcontracting Plan (Large Business Only)



Volume II will include the cost & price information

Factor 6: Cost / Price

This example is continued on next slide.




USACE RFP Example

- Factor 3: Past performance in **small business subcontracting** plan compliance. (Large Business) 

Offerors will be evaluated on their prior level of commitment to utilizing small businesses in performance of prior contracts where clauses FAR 52.219-8, Utilization of Small Business Concerns, and FAR 52.219-9, Small Business Subcontracting Plan were employed. The offeror is evaluated upon detailed explanations/documentation pertaining to small business plan compliance in prior contracts.

- Factor 5: **Small Business Participation Evaluation and Small Business Subcontracting** Plan. (Large Business Only) 

- Subfactor 1 - In compliance with DFARS and PGI 215.304, small business participation will be evaluated through information provided in the format provided at FAR 19.704.

 DFARS and PGI 215.304 require evaluation according to:

- a. The extent to which such firms, as defined in FAR Part 19, are specifically identified in proposals; b. The extent of commitment to use such firms (enforceable commitments will be weighted more heavily than non-enforceable ones); c. The complexity and variety of the work small firms are to perform; d. The realism of the proposal; and e. The extent of participation of such firms in terms of the value of the total acquisition.



SMALL BUSINESS PARTICIPATION FACTOR

- Small Business Participation – How Will Small Businesses Participate?
All Offerors (both **large and small businesses**) will be evaluated on the extent of participation of small business concerns in performance of this contract opportunity.
- Offeror's proposal must meet the minimum mandatory Total Small Business Participation goal of 20% (through collective small business participation from any type of small business or sub-category small business). The subcategory small business goals are NOT mandatory. However, the Government will evaluate the proposals to determine which offeror(s) propose the best value in terms of meeting all the Small Business Participation goals herein. The work to be performed **directly by a small business prime offeror will also be evaluated as Small Business Participation**. The goals are:
 - Total Small Business (any type of small business) 20% of total contract value (mandatory)
 - **Sub-Category Small Business** (not mandatory)
 - ▶ Small Disadvantaged Business 4%
 - ▶ Hub-Zone Small 3%
 - ▶ Women Owned Small Business 4%
 - ▶ Service-Disabled Veteran 3%
 - ▶ Veteran Owned Small 1%
 - ▶ HBCU/Minority Institutions >0%



This is example is continued on next slide

SMALL BUSINESS PARTICIPATION FACTOR

- Small Business Participation – How Will Small Businesses Participate?

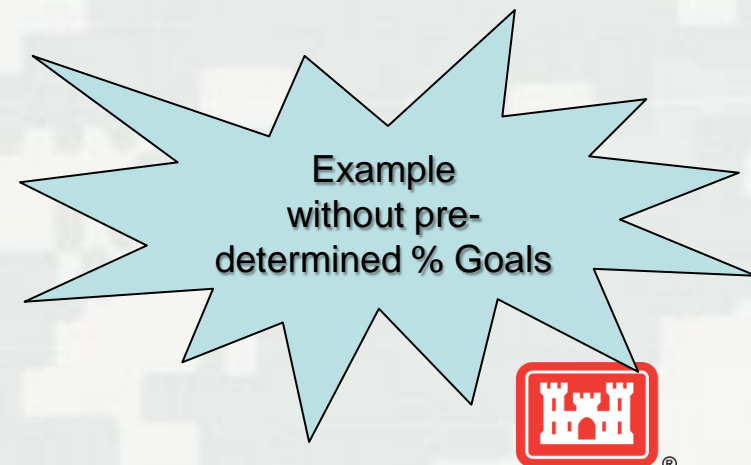
All Offerors (both **large and small businesses**) will be evaluated on the extent of participation of small business concerns in performance of this contract opportunity.

- Offeror's must propose goals for Small Business Participation. Propose an overall goal accomplished through collective small business participation from any type of small business or sub-category small business. The Government will evaluate the proposals to determine which proposals offer the BEST VALUE in terms of Small Business Participation. The work to be performed **directly by a small business prime offeror will be evaluated as Small Business Participation**. The goals are:

- Total Small Business** (any type of small business) ____% of total contract value

- Sub-Category Small Business**

- ▶ Small Disadvantaged Business ____%
- ▶ Hub-Zone Small ____%
- ▶ Women Owned Small Business ____%
- ▶ Service-Disabled Veteran ____%
- ▶ Veteran Owned Small ____%
- ▶ HBCU/Minority Institutions ____%



This is example is continued on next slide

Example continued from previous slide.

SMALL BUSINESS PARTICIPATION FACTOR

IAW DFAR 215.305 PGI, Small Business Participation Plans (from **large and small businesses**) will be evaluated on the basis of:

- (a) The extent to which SB firms are specifically identified in proposals;
- (b) The extent of commitment to SB firms (for example, enforceable commitments are to be weighted more heavily than non-enforceable ones);
- (c) The complexity and variety of the work small firms are to perform;
- (d) Past performance of the offerors in complying with requirements of the clauses at FAR 52.219-8, Utilization of Small Business Concerns, and 52.219-9, Small Business Subcontracting Plan; and
- (f) The extent of participation of SB firms **in terms of the value of the total acquisition** and the extent of which the proposals meets or exceeds small business participation goals for this acquisition.



Recommended Format

USACE

Small Business Participation Plan (Form)

- Reduce questions after RFP release
- Make it easier for the SSEB
- Eliminate confusion for the offerors?



Instructions, Conditions, and Notices to Offerors

Separate from the Small Business Participation Plan, large business offerors must also submit a Subcontracting Plan (Individual Contract Plan) as required by FAR 52.219-9. **Large businesses** will not be eligible for award if they fail to submit an acceptable Subcontracting Plan. Subcontracting Plans shall reflect and be consistent with the commitments offered in the Small Business Participation Plan. In accordance with DFARS 215.304 (c), when an evaluation assesses the extent that small businesses and HBCUs are specifically identified in proposals, the small businesses and HBCUs considered in the evaluation shall be listed in any subcontracting plan submitted.

Small Business Subcontracting Plans will be evaluated on an **ACCEPTABLE / UNACCEPTABLE** basis:

- (a) Does the Subcontracting Plan adequately respond to each of the required elements of FAR 52.219-9(d) paragraphs (1) through (11)?
- (b) Are the commitments in the Subcontracting Plan comparative to the commitments in the SB Participation Plan?



EXAMPLE Evaluation Rating Scheme

The FAR does not require you to include your rating scheme in the RFP.

However, make sure the solicitation indicates that SB Participation will be evaluated on a best value basis along with other factors – tiered.

**It's not
PASS/FAIL!**

- **Excellent** - Offeror is a **large or small business**. SB firm(s) are specifically identified in the proposal; demonstrates substantive commitment to SB firm(s), for example enforceable commitment with 1 or more firms; identifies the complexity and variety of work small businesses are to perform; demonstrates commitment to far exceed the 20% SB Participation goal (**offering 30% or more**); meets or exceeds 2 or more subcategory small business goals.
- **Good** - Offeror is a **large or small business**. SB firm(s) are specifically identified in the proposal; demonstrates substantive commitment to SB firm(s), for example **enforceable commitment with 1 or more firms**; identifies the complexity and variety of work small businesses are to perform; demonstrates commitment to exceed the **20% SB Participation** goal; and **meets or exceeds 1 or more subcategory** small business goals. For large business prime - displays past performance in complying with FAR 52.219-8 and 52.219-9.
- **Acceptable** - Offeror is a **large or small business**. SB firm(s) are specifically identified in the proposal; demonstrates a commitment to SB firm(s); identifies the complexity and variety of work small businesses are to perform; and demonstrates commitment to **meet the 20% SB Participation** goal. **Does not meet any of the subcategory small business goals**. For large business prime - displays past performance in complying with FAR 52.219-8 and 52.219-9.
- **Unacceptable** - Offeror is a **large or small business**, and does not demonstrate commitment to meet the 20% SB Participation goal or does not identify SBs in the proposal; or does not demonstrate a commitment to use SB firms; or does not identify the work small businesses are to perform; or for large business prime – does not display past performance in complying with FAR 52.219-8 and 52.219-9 (does not explain or provide justification for failure or show substantive effort).



DIALOGUE

